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OLC 78-2221/2

Briefing

3 July 1978

MEMORANDUM FOR THE RECORD

SUBJECT: Director's Briefing of Subcommittee on Priorities and Economy in Government, Joint Economic Committee, 26 June 1978

1. [redacted] On Monday, 26 June 1978, the Director briefed Senator William Proxmire's (D., Wisc.) Subcommittee on Priorities and Economy in Government, Joint Economic Committee, on the Soviet economy. The room was swept and monitored throughout the briefing. A transcript was taken of the proceedings, which were at the Top Secret level. The second part of this annual briefing will take place on 21 July and will cover the People's Republic of China economy.

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2. [redacted] In addition to Chairman Proxmire, members of the full Committee who attended were:

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John J. Sparkman (D., Ala.)

James A. McClure (R., Idaho)

Representative Gillis W. Long (D., La.)

3. [redacted] Present from the Committee staff were:

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Richard F. Kaufmann, General Counsel
George D. Krumbhaar, Jr., Minority Clerk

4. [redacted] Present from the Agency, in addition to Admiral Turner were:

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[redacted]

NFAC/Office of Economic Research

NFAC/Office of Economic Research

NFAC/Office of Strategic Research

NFAC/Congressional Support Staff

DCI/Acting Legislative Counsel

DCI/Office of Legislative Counsel

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5. [redacted] Chairman Proxmire asked at the beginning of the hearing that the Agency sanitize the transcript for publication by the Subcommittee. The Director agreed to complete the task within two weeks.

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6. [redacted] The Director's prepared statement covered Soviet heavy industry, consumer goods, agriculture, hard currency trade, energy and manpower. He also provided an overall characterization of the Soviet economy and a forecast for the future. He also spent considerable time on the defense industry and issued a new unclassified publication entitled Estimated Soviet Defense Spending: Trends and Prospects to the Subcommittee. Our other Committees and individual members also received copies of the publication today also.

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7. [redacted] Chairman Proxmire reviewed at some length, Agency responses to questions he had submitted in advance. He also expressed concern that the Agency estimate of the Soviet grain crop was off by 10%. The Director explained that critical weather information was not available in a timely manner to analysts involved in preparing the estimate.

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8. [redacted] Senator McClure asked whether the inaccuracy was due to a lack of satellite resources or manpower shortages. After some discussion, the Director was able to satisfy his concern.

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9. [redacted] Senator Sparkman was interested in US-USSR trade statistics and also asked about the commercial benefits of the upcoming Moscow Olympics.

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10. [redacted] Representative Long, a farmer, said he understood the difficulties in crop estimating. He had a soybean crop which yielded about 20% less than he figured it would because of a drought in the last few weeks before harvest. He was interested in Soviet consumer goods, shortages and the impact these have on expectations and morale. He then commented that on a recent trip to the People's Republic of China, there seemed to be genuine fear about the "great polar bear to the north."

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11. [redacted] The comment by Representative Long led to a question on the Sino-Soviet border disputes. There were also questions on Soviet forces and capabilities opposing NATO forces.

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12. [redacted] Additional details and questions are covered in the transcript. There were several follow-up items which will be referred to the Congressional Support Staff for response.

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[redacted]

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